



Caesar Rodney Institute
Center for Energy Competitiveness
PO Box 795
Dover, DE 19903
WWW.CaesarRodney.org

Docket #
Janis
John
Mark
Pam
Alsa
Donna

Public Service Commission
861 Silver Lake Blvd.
Cannon Building, Suite 100, Attn. Mark Lawrence
Dover, DE 19904

1/2/2013

Attn: PSC Docket No. 12-544

Petition to Intervene in PSC Docket 12-544, Delmarva Power & Light 2012 Integrated Resource Plan

1. David T. Stevenson, Director Center for Energy Competitiveness
Caesar Rodney Institute
PO Box 795
Dover, DE 19903
Phone: 302-236-2050
Fax: 302-645-9017
e-mail: DavidStevenson@CaesarRodney.org
2. Petitioner has undertaken extensive research and publication of information on Delaware energy policy to ensure Delaware citizens have competitive energy rates and has been an intervenor in four rate cases before the Commission. Competitive rates are essential to the economic well being of our citizens.
3. Petitioner was an intervenor in the 2010 IRP
4. Petitioner has demonstrated experience in meeting deadlines to ensure rate cases maintain the schedules of the evidentiary process and intends to do so in this case as well.
5. Petitioner will seek relief on several issues through the Working Group and evidentiary processes:
 - a) The application showed significant potential cost savings of the addition of 300MW of new NGCC electric generation capacity in Delaware. Delmarva agreed in Working Group sessions to provide 600MW and 1200 MW scenarios as well but this has not been done.
 - b) Delmarva expects nominal electric supply prices to increase an average of 5.5%/year which is in wide variance with the US Energy Information Agency estimates of 1.8%/year (both use similar future natural gas prices assumptions). Higher expectations of cost from conventional power sources will distort the decision making process for using alternative power sources. For example, without this high expectation of the future cost of conventional power, the Fuel Cell Tariff would not have met the legislative requirement that the tariff cost less than offshore wind.
 - c) In PSC Docket 11-362 approving the Fuel Cell Tariff, a key component in limiting the cost of the tariff to ratepayers was the replacement of expensive SRECs with ERECs. Working Group documents submitted as recently as July 30, 2012 (DE RPS Update, Solar Obligations & Supply Plans) showed a plan to replace over 200,000 SRECs with ERECs between 2013 and 2020. Table 8, page 100 of 2012 IRP reduces the total SREC offset by about 90%. Is Table 8 correct, and if so, will ratepayer costs go up higher than expected from the Fuel Cell Tariff? These are

DELAWARE P.S.C.
2012 JAN 3 1 06
RECEIVED



**Caesar Rodney Institute
Center for Energy Competitiveness
PO Box 795
Dover, DE 19903
WWW.CaesarRodney.org**

important questions as data from the 2012 IRP will be used in a possible Fuel Tariff case adding an additional 20MW of Fuel Cell capacity.

- d) Table 15, page 108, appears to use seriously flawed logic in estimating the external benefits of meeting the Delaware RPS requirements and fails to do a similar analysis for the external benefits of added natural gas generation. This will lead to distorted decision making for adding electric generation capacity in Delaware.
- e) On page 113 Delmarva incorporates the 2010 IRP life-cycle scenario analysis of two wind options and a natural gas option into the 2012 IRP as still "relevant and accurate". Our formal comments to the 2010 IRP pointed out a serious flaw in the life-cycle analysis. The analysis used a 9.6% capacity factor for the natural gas option which seriously understates the external benefits of natural gas replacing coal generation in the comparison with the wind options. The 2012 IRP derived a likely capacity factor for a base load NGCC plant as 67%, still below a nameplate 87% capacity. This mistake will distort the decision making process on adding new electric generation capacity in Delaware.
- f) CRI pointed out numerous flaws in the Externality Study in the 2010 IRP and none of these criticisms were addressed in the 2012 IRP. The studies over count the external benefits of replacing coal generation and distort the value of replacement scenarios.

Your acceptance of this intervention by the Caesar Rodney Institute as a Petitioner is hereby formally requested.

Respectfully submitted,

David T. Stevenson
David T. Stevenson